

**REMARKS**

This Application has been carefully reviewed in light of the Office Action mailed November 10, 2004 ("Office Action"). At the time of the Office Action, Claims 1-23 were pending in the application. In the Office Action, the Examiner rejects Claims 1-23. Applicant amends Claims 1, 20, and 22 and cancels Claim 4. Applicant respectfully requests reconsideration and favorable action in this case.

**Section 102 Rejections**

The Examiner rejects Claims 1-10, 13, and 15-23 under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent Application Publication No. 2002/0019777 A1 issued to Schwab et al. ("*Schwab*"). Applicant respectfully traverses these rejections for the reasons stated below.

Independent Claim 1 of the present Application, as amended, recites:

A method for processing returned items of merchandise;  
comprising the steps of:

providing returns guidelines to a local return agent over a communications link, the returns guidelines for use by the local return agent in making a determination at a location remote from a return center as to the eligibility of an item for return;

receiving an item remotely determined to be eligible for return at the return center;

accessing one or more return rules of a merchant associated with the item; and

processing the return in accordance with the return rules

"A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 2 U.S.P.Q.2d 1051, 1053 (Fed. Cir. 1987); MPEP § 2131. In addition, "[t]he identical invention must be shown in as complete detail as is contained in the . . . claims" and "[t]he elements must be arranged as required by the claim." *Richardson v. Suzuki Motor Co.*, 9 U.S.P.Q.2d 1913, 1920 (Fed. Cir. 1989); *In re Bond*, 15 U.S.P.Q.2d 1566 (Fed. Cir. 1990); MPEP § 2131 (*emphasis added*). Whether considered alone or in combination with any other cited references, *Schwab* does not disclose, either expressly or inherently, each and every element of Claim 1.

For example, Applicant respectfully submits that *Schwab* does not disclose, teach, or suggest “providing returns guidelines to a local return agent over a communications link, the returns guidelines for use by the local return agent in making a determination at a location remote from a return center as to the eligibility of an item for return,” as recited in Claim 1. To the contrary, *Schwab* discloses “a system and method that allows customers of e-commerce and catalog merchants to return purchased items to a third party that has a network of convenient physical locations without the necessity to package the items for shipment or to arrange said shipment and, furthermore, to immediately receive credit against their original financial instrument, or, alternately arrange immediate shipment of an exchange product.” (Page 1, paragraph 5). Thus, the purpose of *Schwab* is to “establish and maintain a physical location where customers or buyers of the merchant can physically return merchandise or goods purchased remotely by computer.” (Page 1, paragraph 8). The process is described with regard to Figures 1 and 2:

The consumer 20 places an order 7 to the merchant 40 via the Internet 30. The merchant 40 delivers 50 the product 503 with a means for later authentication of the purchase, identified for the purposes of explanation as a ReturnCERT authentication instrument 501. If the consumer 20 does not like the product for a reason, the consumer takes the product 503 and the ReturnCERT authentication instrument 501 to the third party service center 60. The third party service center 60 verifies that the ReturnCERT 501 is authentic and initiates a return request transaction 619 to the merchant 40. If the product 503 matches the return criteria set up by the merchant 40, a and sent to the third party in response, the service center 60 credits the consumers credit card 615. The third party 60 bundles and sends all of the returns 613 back to the merchant 40.

(Page 4, paragraph 50). Thus, as disclosed in *Schwab*, the customer takes the item to the return center for the determination as to its eligibility. Accordingly, even to the extent that the “third party local service center 60” of *Schwab* is analogous to Applicant’s return center (which Applicant does not admit), *Schwab* does not disclose, teach, or suggest “providing returns guidelines to a local return agent over a communications link, the returns guidelines for use by the local return agent in making a determination at a location remote from a return center as to the eligibility of an item for return,” as recited in Claim 1.

As another example, Applicant respectfully submits that *Schwab* does not disclose, teach, or suggest “receiving an item remotely determined to be eligible for return at the return center,” as recited in Claim 1. As described above, *Schwab* specifically discloses that “the consumer takes the product 503 . . . to the third party service center 60” who then “initiates a return request transaction 619” and determines “[i]f the product 503 matches the return criteria set up by the merchant 40.” (Page 4, paragraph 50). Thus, as disclosed in *Schwab*, the customer takes the item to the return center for the determination as to its eligibility. *Schwab* does not disclose, teach, or suggest “receiving an item remotely determined to be eligible for return at the return center,” as recited in Claim 1.

For at least these reasons, Applicant respectfully requests reconsideration and allowance of Claim 1, together with Claims 2-3, 5-10, 13, and 15-19 that depend from Claim 1.

The Examiner also relies on *Schwab* to reject independent Claims 20 and 22. Applicant respectfully submits, however, that *Schwab* does not disclose, teach, or suggest each and every element of Applicant’s independent Claims 20 and 22. For example, Claim 20 recites “a computer system programmed to . . . provide returns guidelines to a local return agent over a communications link, the returns guidelines for use by the local return agent in making a determination at a location remote from a return center as to the eligibility of an item for return.” The computer system of Claim 20 is also programmed to “receive data identifying an item remotely determined to be eligible for return received at the return center.” As another example, Claim 22 recites “computer product having instructions for . . . providing returns guidelines to a local return agent over a communications link, the returns guidelines for use by the local return agent in making a determination at a location remote from a return center as to the eligibility of an item for return.” The computer product of Claim 22 also has instructions for “receiving data identifying an item remotely determined to be eligible for return received at the return center.” Thus, for reasons analogous to those discussed above with regard to Claim 1, Applicant respectfully submits that *Schwab* does not disclose, teach, or suggest each and every element set forth in Applicant’s independent Claims 20 and 22.

For at least these reasons, Applicant respectfully requests reconsideration and allowance of Claims 20 and 22, together with Claims 21 and 23 that depend from Claims 20 and 22, respectively.

### **Section 103 Rejections**

The Examiner rejects Claims 11 and 12 under 35 U.S.C. § 103(a) as being unpatentable over *Schwab* in view of U.S. Patent Application Publication No. 2002/0010634 A1 issued to Roman et al. ("*Roman*"). Applicant respectfully traverses these rejections for the reasons stated below.

First, dependent Claims 11 and 12 depend on Claim 1, which Applicant has shown above to be allowable. Additionally, Claims 11 and 12 are patentable because they recite additional features and operations not disclosed, taught, or suggested in the prior art. Since Claims 11 and 12 incorporate the limitations of independent Claim 1, Applicant has not provided detailed arguments with respect to Claims 11 and 12. However, Applicant remains ready to do so if it becomes appropriate. For at least these reasons, Applicant respectfully requests reconsideration and allowance of Claims 11 and 12.

Second, Applicant respectfully submits that the Examiner has not provided the requisite teaching, suggestion, or motivation, either in the cited references or in the knowledge generally available to one of ordinary skill in the art at the time of Applicant's invention to make the proposed *Schwab-Roman* combination. Applicant's claims are allowable for at least this additional reason.

The question raised under 35 U.S.C. § 103 is whether the prior art taken as a whole would suggest the claimed invention taken as a whole to one of ordinary skill in the art at the time of the invention. Accordingly, even if all elements of a claim are disclosed in various prior art references, which is certainly not the case here as discussed above, the claimed invention taken as a whole cannot be said to be obvious without some reason given in the prior art why one of ordinary skill at the time of the invention would have been prompted to modify the teachings of a reference or combine the teachings of multiple references to arrive at the claimed invention.

The governing Federal Circuit case law makes this strict legal standard clear.<sup>1</sup> According to the Federal Circuit, “a showing of a suggestion, teaching, or motivation to combine or modify prior art references is an essential component of an obviousness holding.” *In re Sang-Su Lee*, 277 F.3d 1338, 1343, 61 U.S.P.Q.2d 1430, 1433 (Fed. Cir. 2002) (quoting *Brown & Williamson Tobacco Corp. v. Philip Morris Inc.*, 229 F.3d 1120, 1124-25, 56 U.S.P.Q.2d 1456, 1459 (Fed. Cir. 2000)). “Evidence of a suggestion, teaching, or motivation . . . may flow from the prior art references themselves, the knowledge of one of ordinary skill in the art, or, in some cases, the nature of the problem to be solved.” *In re Dembiczak*, 175 F.3d 994, 999, 50 U.S.P.Q.2d 1614, 1617 (Fed. Cir. 1999). However, the “range of sources available . . . does not diminish the requirement for actual evidence.” *Id.* ***Although a prior art device “may be capable of being modified to run the way the apparatus is claimed, there must be a suggestion or motivation in the reference to do so.”*** *In re Mills*, 916 F.2d at 682, 16 U.S.P.Q.2d at 1432 (emphasis added). *See also In re Rouffet*, 149 F.3d 1350, 1357, 47 U.S.P.Q.2d 1453, 1457-58 (Fed. Cir. 1998) (***holding a prima facie case of obviousness not made where the combination of the references taught every element of the claimed invention but did not provide a motivation to combine***); *In Re Jones*, 958 F.2d 347, 351, 21 U.S.P.Q.2d 1941, 1944 (Fed. Cir. 1992) (“Conspicuously missing from this record is any evidence, other than the PTO’s speculation (if that can be called evidence) that one of ordinary skill in the herbicidal art would have been motivated to make the modification of the prior art salts necessary to arrive at” the claimed invention.). Even a determination that it would have been obvious to one of ordinary skill in the art at the time of the invention to try the proposed modification or combination is not sufficient to establish a *prima facie* case of obviousness. *See In re Fine*, 837 F.2d 1071, 1075, 5 U.S.P.Q.2d 1596, 1599 (Fed. Cir. 1988).

In addition, the M.P.E.P. and the Federal Circuit repeatedly warn against using an applicant's disclosure as a blueprint to reconstruct the claimed invention. For example, the M.P.E.P. states, ***“The tendency to resort to 'hindsight' based upon applicant’s disclosure is often difficult to avoid due to the very nature of the examination process. However, impermissible hindsight must be avoided and the legal conclusion must be reached on the***

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<sup>1</sup> Note M.P.E.P. 2145 X.C. (“The Federal Circuit has produced a number of decisions overturning obviousness rejections due to a lack of suggestion in the prior art of the desirability of combining references.”).

*basis of the facts gleaned from the prior art.*” M.P.E.P. § 2142 (emphasis added). The governing Federal Circuit cases are equally clear. “A critical step in analyzing the patentability of claims pursuant to [35 U.S.C. § 103] is casting the mind back to the time of invention, to consider the thinking of one of ordinary skill in the art, guided only by the prior art references and the then-accepted wisdom in the field. . . . Close adherence to this methodology is especially important in cases where the very ease with which the invention can be understood may prompt one ‘to fall victim to the insidious effect of a hindsight syndrome *wherein that which only the invention taught is used against its teacher.*’” *In re Kotzab*, 217 F.3d 1365, 1369, 55 U.S.P.Q.2d 1313, 1316 (Fed. Cir. 2000) (citations omitted; emphasis added). In *In re Kotzab*, the court noted that to prevent the use of hindsight based on the invention to defeat patentability of the invention, this court requires the examiner to show a motivation to combine the references that create the case of obviousness. *See id.* *See also, e.g., Grain Processing Corp. v. American Maize-Products*, 840 F.2d 902, 907, 5 U.S.P.Q.2d 1788, 1792 (Fed. Cir. 1988). Similarly, in *In re Dembiczak*, the Federal Circuit reversed a finding of obviousness by the Board, *explaining that the required evidence of such a teaching, suggestion, or motivation is essential to avoid impermissible hindsight reconstruction of an applicant’s invention:*

Our case law makes clear that the best defense against the subtle but powerful attraction of hind-sight obviousness analysis is *rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references*. Combining prior art references without evidence of such a suggestion, teaching, or motivation simply takes the inventor's disclosure as a blueprint for piecing together the prior art to defeat patentability—the essence of hindsight.

175 F.3d at 999, 50 U.S.P.Q.2d at 1617 (emphasis added) (citations omitted; emphasis added).

According to the Examiner and with regard to Claim 11, “[i]t would have been obvious to one of ordinary skill in the art at the time the invention was made to have included disposing of the collected product using an auction or Internet auction web site, as disclosed by *Roman* in the system disclosed by *Schwab*.” (Office Action, page 4). As motivation for such a combination the Examiner cites “the advantage of providing a method (system) for enabling local return or remotely purchased products, with the ability to increase system cost

effectiveness by offering several channels for disposing of the returned merchandise.” (Office Action, page 4). It appears that the Examiner has merely proposed an alleged advantage of combining *Schwab* with *Roman* (advantages which Applicant does not admit could even be achieved by combining these references in the manner the Examiner proposes). The Examiner has not pointed to any portions of the cited references that would teach, suggest, or motivate one of ordinary skill in the art at the time of invention to incorporate the auctioning techniques disclosed in *Roman* with the third party return center disclosed in *Schwab*. In other words, the alleged advantage of the system disclosed in *Roman* does not provide an explanation as to: (1) why it would have been obvious to one of ordinary skill in the art at the time of Applicant’s invention (*without using Applicant’s claims as a guide*) to modify the particular techniques disclosed in *Schwab* with the cited disclosure in *Roman*; (2) how one of ordinary skill in the art at the time of Applicant’s invention would have actually done so; and (3) how doing so would purportedly meet the limitations of Applicant’s claims. Indeed, if it were sufficient for Examiners to merely point to a purported advantage of one reference and conclude that it would have been obvious to combine or modify that reference with other references simply based on that advantage (which, as should be evident from the case law discussed above, it certainly is not), then virtually any two or more references would be combinable just based on the fact the one reference states an advantage of its system. Of course, as the Federal Circuit has made clear and as discussed above, that is not the law. Accordingly, Applicant respectfully submits that the Examiner’s conclusions set forth in the Office Action do not meet the requirements set forth in the M.P.E.P. and the governing Federal Circuit case law for demonstrating a *prima facie* case of obviousness. Applicant respectfully submits that the rejection must therefore be withdrawn.

For at least these reasons, Applicant respectfully requests reconsideration and allowance of Claims 11 and 12.

The Examiner rejects Claim 14 under 35 U.S.C. § 103(a) as being unpatentable over *Schwab*. Applicant respectfully traverses these rejections for the reasons stated below.

Dependent Claim 14 depends on Claim 1, which Applicant has shown above to be allowable. Additionally, Claim 14 is patentable because it recites additional features and

operations not disclosed, taught, or suggested in the prior art. In the Office Action, the Examiner acknowledges that *Schwab* does not disclose receiving the item from a carrier. (Office Action, page 5). In maintaining the rejection, the Examiner speculates that “[i]t would have been obvious for the consumer to mail the product to the third-party administrator instead of hand delivering it, the purpose of hand delivering is to credit the consumer immediately at the establishment (no delay as is common with the return of e-retailer or catalog goods).” (Office Action, page 5). The Examiner’s summary conclusion, however, amounts to mere speculation and does not provide the suggestion or motivation necessary to make the proposed combination.<sup>2</sup> Applicant refers the Examiner to the summary of the strict legal standard for establishing a *prima facie* case of obviousness based on modification or combination of prior art references that is discussed above with regard to Claims 11 and 12. Specifically, the mere possibility that a modification might improve *Schwab*, as the Examiner asserts, does not even remotely provide the required teaching, suggestion, or motivation to modify the teachings of *Schwab*. Applicant respectfully submits that in making this unobvious leap the Examiner has used the type of hindsight reconstruction explicitly forbidden by the M.P.E.P. and Federal Circuit.

Furthermore, as stated in *Schwab*, the very purpose of *Schwab* is to provide “a network of convenient physical locations without the necessity to package the items for shipment or to arrange said shipment and, furthermore, to immediately receive credit.” (Page 1, paragraph 5). *Schwab* further distinguishes the terms “local” and “remote” by defining them as meaning “places where there is or is not a physical presence, and for a local place, where communications and exchanges may be made directly or face to face by a direct physical transfer and for remote locations, where communication is by other than face to face or direct physical exchanges or communications.” (Page 1, paragraph 7). Thus, the very purpose and objective of *Schwab* is to provide a “third party service center” where a customer can make a direct physical transfer. As a result, Applicant respectfully submits that *Schwab* actually teaches away from the modification proposed by the Examiner (i.e., allowing a

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<sup>2</sup> If the Examiner is relying on “common knowledge” or “well known” art in support of his rationale for modifying *Schwab*, the Examiner is requested to produce a reference in support of his position pursuant to M.P.E.P. § 2144.03. If the Examiner is relying on personal knowledge to supply the required motivation or suggestion to modify *Schwab*, Applicant respectfully requests that the Examiner produce an affidavit supporting such facts pursuant to M.P.E.P. § 2144.03.



customer to mail the product to the third-party service center rather than delivering it). Accordingly, Applicant respectfully submits that the rejection of Claim 1 is improper.

For at least these reasons, Applicant respectfully requests reconsideration and allowance of Claim 14.

**CONCLUSION**

Applicant has made an earnest attempt to place this case in condition for immediate allowance. For the foregoing reasons and for other reasons clear and apparent, Applicant respectfully requests reconsideration and allowance of the pending claims.

Applicant does not believe any fees are due. However, the Commissioner is hereby authorized to charge any additional fees or credit any overpayment to Deposit Account No. 02-0384 of Baker Botts L.L.P.

If there are matters that can be discussed by telephone to advance prosecution of this application, Applicant invites the Examiner to contact its attorney at (214) 953-6680.

Respectfully submitted,

Baker Botts L.L.P.  
Attorneys for Applicant

A handwritten signature in black ink, appearing to read 'Kevin J. Meek', is written over a horizontal line.

Kevin J. Meek  
Reg. No. 33,738

Dated: May 9, 2006

**CORRESPONDENCE ADDRESS:**

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